

The Challenges before Corporate Social Responsibility in Global Era.

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ABSTRACT

Corporate Social Responsibility has played a vital role in the development of Indian economy. It has captured significant attention of managers and executives especially at multinational and multi-divisional firms. However, links between CSR's drivers (strategic planning, firm culture) and corporate social responsibility (CSR) have seen little or no empirical verification, particularly in India. The present study aims to test the challenges before CSR. This study considers formal strategic planning and humanistic culture as drivers of CSR. Information was collected by secondary data. With the help of the data it can be concluded that CSR has to face a lot of challenges in global era but it create lots of opportunity for Indian economy.

Keywords: Corporate Social Responsibility (CSR), Economy, Challenges, Opportunities, Development.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility-

Corporate Social Responsibility is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.

Corporate social responsibility, often abbreviated "CSR," is a corporation's initiatives to assess and take responsibility for the company's effects on environmental and social wellbeing. The term generally applies to efforts that go beyond what may be required by regulators or environmental protection groups.

CSR may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change.

Types of corporate social responsibility-

CSR can encompass a wide variety of tactics, from giving nonprofit organizations a portion of a company's proceeds, to giving away a product or service to a worthy recipient for every sale made.

Here are a few of the broad categories of social responsibility that businesses are practicing:

Environment: One primary focus of corporate social responsibility is the environment. Businesses, both large and small, have a large carbon footprint. Any steps they can take to reduce those footprints are considered both good for the company and society as a whole.

Philanthropy: Businesses also practice social responsibility by donating to national and local charities. Whether it involves giving money or time, businesses have a lot of resources that can benefit charities and local community programs.

Ethical labor practices: By treating employees fairly and ethically, companies can also demonstrate their corporate social responsibility. This is especially true of businesses that operate in international locations with labor laws that differ from those in the United States.

Examples of corporate social responsibility-

While many companies now practice some form of social responsibility, some are making it a core of their operations. Ben and Jerry's, for instance, use only fair trade ingredients and have developed

a dairy farm sustainability program in its home state of Vermont. Starbucks has created its C.A.F.E. Practices guidelines, which are designed to ensure the company sources sustainably grown and processed coffee by evaluating the economic, social and environmental aspects of coffee production. Tom's Shoes, another notable example of a company with CSR at its core, donates one pair of shoes to a child in need for every pair a customer purchases.

Undertaking socially responsible initiatives is truly a win-win situation. Not only will your company appeal to socially conscious consumers and employees, but you'll also make a real difference in the world. Keep in mind that in CSR, transparency and honesty about what you're doing are paramount to earning the public's trust.

"If decisions [about social responsibility] are made behind closed doors, people will wonder if there are strings attached, and if the donations are really going where they say," Cooney said. "Engage your employees [and consumers] in giving back. Let them feel like they have a voice."

OBJECTIVES OF THE RESEARCH

The following are the objectives of this research paper.

What is Corporate Social Responsibility

What challenges are faced by Corporate Social Responsibility in Global Era?

Research Methodology-

This is a conceptual type of research paper. Secondary type of data is used for conduction of this research. The data is collected from books, internet and research papers.

Review of Literature-

Consideration of the social, economic and political context demonstrates how CSR forms part of a wider strategic direction being taken internationally with regard to state/market relations and the pursuit of a range of objectives and goals. The context is in part provided by concerns about the numerous examples of irresponsible behavior on the part of corporations,

ranging from colluding with oppressive regimes and in the overthrowing of governments (Alston, 2005) to issues relating to working conditions and the impact of unethical marketing practices (Richter, 2001). Such examples have demonstrated the need for the worst excesses of business to be curbed. The globalised economy is understood to raise important issues for businesses and governments due to changes in patterns of production and consumption. In particular it is noted that the manufacturing of goods is "highly mobile" (Cassell, 2001:263) and that supply chains are often dispersed transnationally, creating difficulties in terms of legislation and regulation.

Issues before CSR-

Many companies think that corporate social responsibility is a big challenge before them. They imagine that customer satisfaction is now only about price and service, but they fail to point out on important changes that are taking place worldwide that could blow the business out of the water. The change is named as social responsibility which is an opportunity for the business. Issues in front of CSR are as followings:

Labor Markets- Employees are increasingly looking beyond paychecks and benefits, and seeking out employers whose philosophies and operating practices match their own principles. In order to hire and retain skilled employees, companies are being forced to improve working conditions.

Relationship with Suppliers- As stakeholders are becoming increasingly interested in business affairs, many companies are taking steps to ensure that their partners conduct themselves in a socially responsible manner. Some are introducing codes of conduct for their suppliers, to ensure that other companies' policies or practices do not tarnish their reputation.

Investor Pressure- Investors are changing the way they assess companies' performance, and are making decisions based on criteria that include ethical concerns.

Customer Interest- There is evidence that the ethical conduct of companies exerts a growing influence on the purchasing decisions of customers. In a recent survey by Environics International, more than one in five consumers

reported having either rewarded or punished companies based on their perceived social performance.

Demands for Greater Disclosure- There is a growing demand for corporate disclosure from stakeholders, including customers, suppliers, employees, communities, investors, and activist organizations

Role of Government- Shrinking government resources, coupled with a distrust of regulations, has led to the exploration of voluntary and non-regulatory initiatives instead.

Need To Build Local Capacities- There is a need for capacity building of the local nongovernmental organizations as there is serious dearth of trained and efficient organizations that can effectively contribute to the ongoing CSR activities initiated by companies. This seriously compromises scaling up of CSR initiatives and subsequently limits the scope of such activities

Non Availability Of Well Organized Non-Governmental Organizations- There is non-availability of well organized nongovernmental organizations in remote and rural areas that can assess and identify real needs of the community and work along with companies to ensure successful implementation of CSR activities.

Visibility Factor- The role of media in highlighting good cases of successful CSR initiatives is welcomed as it spreads good stories and sensitizes the population about various ongoing CSR initiatives of companies. This apparent influence of gaining visibility and branding exercise often leads many non-governmental organizations to involve themselves in event-based programmes; in the process, they often miss out on meaningful grassroots interventions.

Narrow Perception Towards CSR - Non-governmental organizations and Government agencies usually possess a narrow outlook towards the CSR initiatives of companies, often defining CSR initiatives more as donor-driven. As a result, corporate find it hard to decide whether they should participate in such activities at all in medium and long run.

Non-Availability Of Clear CSR Guidelines- There are no clear cut statutory guidelines or policy directives to give a definitive direction to CSR initiatives of companies. The scale of CSR initiatives of companies should depend upon their business size and profile. In other words, the bigger the company, the larger its CSR programmed.

DISCUSSIONS AND CONCLUSION

Today, more and more concern is given to CSR because society is getting more effects from the working policies of the companies. Society expectations are increasing towards the social development by the companies. So, it has become necessary for the companies to practice social responsibilities to enhance their image in the society. Even though companies are taking serious efforts for the sustained development, some critics still are questioning the concept of CSR. There are people who claim that Corporate Social Responsibility underlies some ulterior motives while others consider it as a myth. The reality is that CSR is not a tactic for brand building; however, it creates an internal brand among its employees. Indulging into activities that help society in one way or the other only adds to the goodwill of a company. Corporate Social Responsibility is the duty of everyone i.e. business corporations, governments, individuals because of the reasons: the income is earned only from the society and therefore it should be given back; thus wealth is meant for use by self and the public; the basic motive behind all types of business is to quench the hunger of the mankind as a whole; the fundamental objective of all business is only to help people. CSR cannot be an additional extra - it must run into the core of every business ethics, and its treatment of employees and customers. Thus, CSR is becoming a fast-developing and increasingly competitive field. The case for demonstrating corporate responsibility is getting stronger as expectations among key opinion formers, customers and the public are increasing.

Being a good corporate citizen is increasingly crucial for

Commercial success and the key lies in matching public expectations and priorities, and in

Communicating involvement and achievements widely and effectively.

According to Ramanujam and Venkatraman (1987a), validation in the need for functional coverage and allocation of required resources is essential for strategic implications in understanding and responding towards stakeholder demands for CSR. As firms around the globe are facing ever growing challenge to demonstrate that they take corporate citizenship seriously (Waddock, Bodwell, & Graves, 2002), formal planning is likely to help in the development of such deeds and actions that prove good corporate citizenship behavior. Nonetheless, the findings show a link only and not causality; therefore, the findings are not suggesting that firms following informal planning process demonstrate irresponsible behavior or poor citizenship. Finally, culture of an organization can affect the degree of demonstration as to socially responsible practices. The findings of the study suggest that managers should carefully scrutinize the culture of their firms. They should also take necessary actions to make sure that the culture is in place that nurtures harmonious relationships, exhibits a concerned attitude and develops members who are supportive, productive and influential in their dealings with key stakeholders.

LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

Strategy scholars claim that answering to environmental stimuli needs a formal and system strategic planning to take the initiatives and actions mandatory to adapt to the environment, containing those associated with CSR. This paper has its significance as it contributes to the literature in confirming positive links between formal strategic planning and CSR. However, because the beliefs, values and norms in a firm are

supposed to impact on the degree to which firms are acting responsibly or irresponsibly, firm culture is also suggested to have an influence on CSR. Humanistic culture, as presented in the analysis, the findings of present study add to the literature by proving that some other internal factors are also linked to CSR, over and above the impact of formal strategic planning. Along with some important managerial and academic implications, the present study also has some limitations. First, data were co

llected from single respondent from each organization which can leads towards common method bias. As suggested by Podsakoff, MacKenzie, Lee, and Podsakoff (2003), Harman's ex post one-factor test was used and the results showed that a single factor solution did not emerge. So, any common method bias was unlikely. Second, the data were collected from a sample of firms in Pakistan. Therefore, generalizability of the results is limited. Finally, with respect to formal strategic planning, a problem exists between planning and implementation. This study focused on formal strategic planning to measure implementation. Future studies can explore the extent to which corporate governance structures influences top level executives in determining and developing strategies related to CSR. Considering other dimensions of organizational culture, better understanding can be developed to see if other cultural dimensions have links with firm's CSR. Finally, as this study focused on formal strategic planning in demonstrating CSR.

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